103

S. HRG. 103-117

BUDGET PROCESS: TESTIMONY FROM HON. MARTIN OLAV SABO AND HON. JOHN R. KASICH

Y 4.3:B 85

Budget Process: Testimony From Hon....

HEARING

BEFORE THE

JOINT COMMITTEE ON THE ORGANIZATION OF CONGRESS

ONE HUNDRED THIRD CONGRESS

FIRST SESSION

BUDGET PROCESS: TESTIMONY FROM HON. MARTIN OLAV SABO AND HON. JOHN R. KASICH

MARCH 25, 1993

OCT 19 1993

Printed for the use of the Joint Committee on the Organization of Congress

U.S. GOVERNMENT PRINTING OFFICE

69-721 WASHINGTON : 1993

For sale by the U.S. Government Printing Office
Superintendent of Documents, Mail Stop: SSOP, Washington, DC 20402-9328
ISBN 0-16-041216-1

IB

S. HRG. 103-117

BUDGET PROCESS: TESTIMONY FROM HON. MARTIN OLAV SABO AND HON. JOHN R. KASICH

Y 4.3:B 85

Budget Process: Testimony From Hon....

RING

ORE THE

JOINT COMMITTEE ON THE ORGANIZATION OF CONGRESS

ONE HUNDRED THIRD CONGRESS

FIRST SESSION

BUDGET PROCESS: TESTIMONY FROM HON. MARTIN OLAV SABO AND HON. JOHN R. KASICH

MARCH 25, 1993

OCT 1 1993

Printed for the use of the Joint Committee on the Organization of Congress

U.S. GOVERNMENT PRINTING OFFICE

69-721 WASHINGTON : 1993

For sale by the U.S. Government Printing Office
Superintendent of Documents, Mail Stop: SSOP, Washington, DC 20402-9328
ISBN 0-16-041216-1

JOINT COMMITTEE ON THE ORGANIZATION OF CONGRESS

[Authorized by H. Con. Res. 192, 102d Congress]

SENATE

DAVID L. BOREN, Oklahoma, *Co-Chairman*
PETE V. DOMENICI, New Mexico, *Vice Chairman*

JIM SASSER, Tennessee
WENDELL H. FORD, Kentucky
HARRY REID, Nevada
PAUL S. SARBANES, Maryland
DAVID PRYOR, Arkansas

NANCY L. KASSEBAUM, Kansas
TRENT LOTT, Mississippi
TED STEVENS, Alaska
WILLIAM S. COHEN, Maine
RICHARD G. LUGAR, Indiana

GEORGE J. MITCHELL, Maine, *Ex Officio*
ROBERT DOLE, Kansas, *Ex Officio*

HOUSE OF REPRESENTATIVES

LEE H. HAMILTON, Indiana, *Co-Chairman*
DAVID DREIER, California, *Vice Chairman*

DAVID OBEY, Wisconsin
AL SWIFT, Washington
SAM GEJDENSON, Connecticut
JOHN M. SPRATT, Jr., South Carolina
ELEANOR HOLMES NORTON, D.C.

ROBERT S. WALKER, Pennsylvania
GERALD B.H. SOLOMON, New York
BILL EMERSON, Missouri
WAYNE ALLARD, Colorado
JENNIFER DUNN, Washington

RICHARD A. GEPHARDT, Missouri, *Ex Officio*
ROBERT H. MICHEL, Illinois, *Ex Officio*

G. Kim Wincup, *Staff Director*
Walter Oleszek, *Policy Director*
Kelly L. Cordes, *Chief Clerk*
John F. Deeken, *Professional Staff Member*
C. Lawrence Evans, *Professional Staff Member*
Philip W. Grone, *Professional Staff Member*
Nicholas P. Wise, *Professional Staff Member*
Maureen Groppe, *APSA Fellow*
Carol Hardy Vincent, *CRS Policy Analyst*
James Saturno, *CRS Policy Analyst*
Mary Lou Smullen, *Special Assistant*
Shelley Gough, *Staff Assistant*
Stacey Spevak, *Staff Assistant*

CONTENTS

MARCH 25, 1993

OPENING STATEMENT

Page

Hon. Lee H. Hamilton, a U.S. Representative from the State of Indiana 1

WITNESSES

Hon. Martin Olav Sabo, a U.S. Representative from the State of Minnesota 2
Prepared statement 20
Summary of proposed and enacted recssions fiscal year's 1974-79 23
Hon. John R. Kasich, a U.S. Representative from the State of Ohio 10
Prepared statement 27
Budget Act waivers, reported in the House of Representatives, 96-102d Congress 31

HEARING TO RECEIVE TESTIMONY ON THE BUDGET PROCESS

THURSDAY, MARCH 25, 1993

UNITED STATE CONGRESS,
JOINT COMMITTEE ON THE ORGANIZATION OF CONGRESS,
Washington, DC.

The committee met, pursuant to notice, at 10 a.m. in room SC–5, The Capitol, Hon. Lee H. Hamilton (co-chairman of the committee) presiding.

OPENING STATEMENT OF THE HON. LEE H. HAMILTON, A U.S. REPRESENTATIVE FROM THE STATE OF INDIANA

Chairman HAMILTON. This morning the Joint Committee on the Organization of Congress will continue its hearings about budget process reform. Testimony will be provided by our distinguished leaders of the House Budget Committee.

Earlier this morning the vice chairman of this committee, Senator Pete Domenici, indicated he could not testify because of events in the Senate. We will look forward to hearing his testimony at a later date.

Our first witness, then, is Representative Martin Sabo.

Chairman Sabo has been a Member of the House since 1978. He serves the Fifth District of Minnesota. He is now the distinguished Chairman of the House Budget Committee, a position he has held since the beginning of the 103rd Congress.

Chairman Sabo, it is a privilege to have you with us and to receive your testimony.

Before we begin that testimony, let me just make a few brief comments about the budget process reform.

As the Members of the joint committee consider proposals to improve the Congressional budget process, it is important that we keep in mind what procedural change we can and cannot accomplish in this area.

The experience of the past decade suggests that budget procedures, alone, cannot force Members of Congress to reduce the Federal budget deficit. That's the central lesson, perhaps, of Gramm-Rudman-Hollings. Rules and procedures are no substitute for policy making.

I do believe that certain procedural reforms might help streamline the budget process and promote more long-term thinking, facilitate the difficult work of consensus building. I am particularly interested in hearing about reform proposals designed to promote those goals.

However, as the joint committee confronts the complex twists and turns of the Congressional budget process, it is critical we recognize the inherent limitations of procedural reform in this area. Particularly on budget policy, there is no substitute, of course, for political will.

Chairman Sabo, thank you for joining us. I know this is a very heavy time for you with the budget resolution being quite active now, so we are especially appreciative of your willingness to come and join us this morning.

You have written testimony. Of course, that will be entered into the record in full. You may proceed as you see fit.

STATEMENT OF THE HON. MARTIN O. SABO, A U.S. REPRESENTATIVE FROM THE STATE OF MINNESOTA

Mr. SABO. Thank you, Mr. Chairman.

I'd appreciate your putting the entire statement in the record.

My comments would basically echo yours in your opening statement. I don't think our fundamental problem is process; it is lack of political agreement.

My judgment is if the budget process didn't exist, we'd have to find some mechanism to do that process.

Frankly, I have been busy doing the process for the past several weeks and not thinking that much about it.

It strikes me it is essential to the process, particularly if one is going to try to make changes in entitlement programs—I think this year we'll have our tenth reconciliation bill, which attempts to make modifications in existing mandatory programs. Clearly, that's where the biggest problems of growth have been in the Federal budget. The one mechanism for Congress to deal with that issue is through reconciliation, and I think it would be much more difficult to do if we did not have that process.

I think the budget process is misunderstood at times, but there are times in the legislative process everything can't be explained simply. The budget basically puts the parameters under which we are going to act in place. It sets discretionary spending levels, which historically have been followed by appropriations; sends the instructions to committee on what savings or revenue increases we expect in the reconciliation process. Again, history is fairly good on that having been complied with.

On some of the other issues, some suggestions to get the Executive involved in the budget process—I would fundamentally be opposed to that. I think it is a legislative process, not a joint process.

I have no suggestions for every fundamental change. If people have some ideas to make it work better, fine, but I think the heart of the problem is getting political agreement between the President and Congress to move on budget and economic policy. And budget policy is really part of a larger economic policy that the Congress tries to develop.

I must say as background that Mr. Obey had a suggestion several years ago that one bring the budget resolution to the floor and then fill it in with the specific appropriation bills and the reconciliation bill to make one large bill. I supported that proposal. I think there is still merit to it. But I am not sure it is saleable.

If there are questions, I'd be happy to respond.

[The prepared statement of Mr. Sabo appears in the Appendix.]

Chairman HAMILTON. OK. Thank you very much.

Let me just begin with a very broad and general question about the complexity of the process.

I guess the criticisms we have heard about the budget process more than any other is that it is just too complicated, too complex.

You've got three layers of budgetary consideration—the appropriation, the authorization, the Budget Committee, itself. Cabinet officers frequently complain about having to testify at so many different levels in the Congress.

How do you feel about this complexity? Specifically, do you think that any layer—authorization, appropriation, budget—could be eliminated?

Mr. SABO. I really don't see how you eliminate them, because they form very fundamentally different but coordinated functions.

The Budget Committee puts the large parameters in place which have impact on what the Appropriations Committee does and what the authorizers have to do in changing entitlements. It does not deal fundamentally with what they can do in authorizing.

Historically, I think the appropriating process has worked well. Historically, we have appropriated less than Presidents have asked for. We have stayed within budget parameters.

I am inclined to think we get in problems when we think that the authorizing process should mirror the budget and appropriating process. I frankly think we should have more multi-year authorizations so that they are in place for a period of time before we start the appropriating process.

Chairman HAMILTON. What about multi-year appropriations?

Mr. SABO. I would be skeptical of that. If one were to make a change—there might be a case one could develop maybe a 2-year budget and still have annual appropriations. I think if you have biannual appropriations in a system this large, with the time lag, I suspect one would have constant numbers of supplemental appropriations and changing what had been done.

Chairman HAMILTON. But the multi-year authorization strikes you favorably?

Mr. SABO. Yes. And also I don't have strong feelings on whether we should move—I would characterize differently having a 2-year budget versus 2-year appropriations. There might be virtue in that, although I don't think it would bring the simplicity some people think.

If one looks back following the 1990 budget agreement, that really, while we passed a budget resolution in 1991, that frankly simply mirrored the 1990 budget agreement for 1991. In effect, we had a 2-year budget in place.

I expect this year we will write into law our discretionary spending limits, so the relative importance of the budget for next year will depend probably on whether we have additional reconciliation instructions.

My observation of the process over the years is the importance of budget resolutions varies from year to year, depending on the political circumstances, not unlike what happens with other committees

here. Their relative importance varies from year to year, depending on the political dynamics.

Chairman HAMILTON. You spoke a moment ago in your testimony indicating you probably did not favor the President being a part of the budget resolution.

Looking back here over the recent years, we have had a number of budget summits between President and Congressional leaders. They have almost become a regular feature of the budgeting process. How do you react to that? Does that in some way undercut, you think, the regular process when that happens?

Mr. SABO. I was never that upset by the summits, but they really, I thought, in the end reflected failure of both the President and Congress to respond.

In 1989, we had a summit early on because Bush really did not have a budget he presented to the Congress, so you ended up with the negotiations between the Executive and Legislative that produced the first budget resolution.

In 1990, again it was difficult both for the President and the Congress to put in place what they wanted to do.

I really thought that the weakness of the 1990 process was that the President's budget was never defined to the position that he had genuine support from his party members in the Congress.

On the democratic side, we never had a program in place that was supported genuinely by our Members. As a result, there was a certain vacuum on both sides. You ended up with the negotiations with neither side knowing what kind of base they were operating from.

I thought in the end they produced a result that I thought was good, and I supported it. But I thought that was one of the difficulties.

I thought the negotiations would have been better if you would have had a fairly well-defined Presidential position and well-defined Congressional positions before those negotiations started.

Chairman HAMILTON. If you were going to make a single change in the budget process that you think would improve things, what would you suggest? Is there any single change that stands out in your mind at all?

Mr. SABO. No. I think it is fundamentally political, whether you can get that fundamental agreement between the Executive and the Legislative Branch on where you are going.

Chairman HAMILTON. What about setting it up so that allocations to committees would be part of the statute?

Mr. SABO. I suppose——

Chairman HAMILTON. Is that too detailed?

Mr. SABO. I think so. Part of what we do in budget resolutions are the functional recommendations. I suppose they are political in two senses—one to the outside world, and the other internally to the Appropriations Committee. To the degree that they make sense, they have impact on the internal allocations within appropriations.

I would not think one would want that binding. Just as in the reconciliation process we send numbers to the authorizing committees, but they have flexibility in how they achieve those numbers.

Chairman HAMILTON. Yes. One proposal, of course, is the separate capital budget. How do you react to that?

Mr. SABO. When we are in balance, then it might be worth exploring. As long as one is not in balance, it has no practical impact on what happens.

I have never been quite sure what people refer to as capital expenditures on the Federal level. My experience on the State level was that our capital budgets were basically direct expenditures that, as I recall, had a lifetime over 5 years.

I think if you look at the Federal budget historically, going back, probably the biggest areas where we make expenditures with a lifetime over 5 years has been defense procurement.

I'm not sure that the advocates have in mind particularly setting up a capital budget for defense procurement. That would probably be the largest impact of it.

My experience in State government, when we had capital budget, over a long period of time you were amortizing those bonds, so its impact on year-to-year budgets are minimal because you are paying off the bonds as well as the interest.

I'm not sure that's what capital budget proponents have in mind at the Federal level.

I don't think it is the panacea some people think it would be.

Chairman HAMILTON. Then another criticism we have had is that the Budget Act has too many waivers, and if you have that many waivers in it, it undercuts its effectiveness.

Mr. SABO. Most of those waivers have very little to do with money. I would look at those waivers, but——

Chairman HAMILTON. They deal with substantive provisions that are inserted; is that right?

Mr. SABO. Or they relate to timing. For instance, many times we have started budget appropriation bills in the House consistent with the House budget resolution, but before conference report has been adopted, so you need waivers to proceed.

Not many of those waivers are related in any fundamental fashion to the dollar amounts involved in the budget resolution. They are much more dealing with process.

Chairman HAMILTON. So, in any event, your sense is that the waiver is not really a problem?

Mr. SABO. No. If historically you looked at discretionary spending, we stayed very close to the targets.

I think if you look at the 1990 Enforcement Act, it generally has worked fairly well having specific spending targets and discretionary spending, pay-go provisions, and new entitlements that worked quite well.

The ongoing problem is how you get at modifications of old programs, and that relates to what you can find agreement on in the reconciliation process.

I might add, if I might put in the record, there was a recent GAO study on rescissions from 1974 through 1993. I'm not sure if you have that in your records. If you have it, fine; if not, I'd like to——

Chairman HAMILTON. I'm not aware that we do. Without objection, it will be entered into the record. We appreciate it.

[The GAO report appears in the Appendix.]

Mr. SABO. Let me say on the waiver question that I have only been involved in a handful since I became chairman of the committee. They tend to be very technical in nature.

Chairman HAMILTON. Yes. What about the proposals for an enhanced or an expedited recision authority? How do you feel about that?

Mr. SABO. I'm probably in the minority in the House. I do not support it. I think the current system works well. Historically, we have had more rescissions than presidents have asked for.

Chairman HAMILTON. There is some suggestion that it is kind of a compromise for the line-item veto, of course.

Mr. SABO. I fundamentally think line-item veto fundamentally transfers significant power from the Congress to the President.

Chairman HAMILTON. And would an enhanced or expedited recision authority do the same thing, in your opinion?

Mr. SABO. It might. I'm not quite sure how it is going to work.

Chairman HAMILTON. In any event, you don't favor it?

Mr. SABO. I don't think that deals with our fundamental budgetary problems.

I would say if one were to do it my inclination would be it should go far beyond discretionary appropriations. It probably should apply to tax law, to entitlements, and to contract authority, as well as discretionary appropriations.

Chairman HAMILTON. Should we do the budget resolution annually or less frequently?

Mr. SABO. I think the concept of biennial budget resolution is worth exploring.

The one problem I see is that clearly every new Administration takes some time to put their budget together. I'm not sure they would like to be locked into a 2-year proposal in general spending terms.

Clearly, it has been slower than expected for the current Administration. Bush had the same problem in 1989 coming off service of the same partisan Administration and coming from Vice President to Presidency. He had great difficulty putting a budget together.

So, in general, it might work; however, I think you might have real problems if you have it at the beginning of each session in the years that you have the change of Presidency.

Chairman HAMILTON. Have you given any thought at all to a joint budget committee—House and Senate?

Mr. SABO. No. I think eventually we end up there in conference. The political dynamics of both Houses are very different.

Chairman HAMILTON. Have you given any thought to reconstituting the Members of the budget committees so that the leadership plays a larger role today than it does in the Budget Committee? That is, assign majority/minority leader to the panel?

Mr. SABO. Well, the majority leader is on. The minority leader has a nominee. Frankly, a few years ago I pursued an amendment to our internal rules—the Democratic Caucus Rules—to have the budget chair directly appointed by the Speaker. I did not succeed. I still think there is merit to that proposal so that the chair would be appointed by the Speaker, much as the chair of the Intelligence Committee or the Rules Committee is.

Chairman HAMILTON. What is your term? On the Budget Committee today we have a six——

Mr. SABO. Six-year term, except that if you are the chair you can serve an additional 2 years. In my case, I'd be eligible to run for reelection for an additional 2 years after this term.

Chairman HAMILTON. Now, the Senate has a rule against extraneous provisions in the reconciliation bill. The House does not have that bill; is that correct?

Mr. SABO. Yes.

Chairman HAMILTON. How about that? Should we put that into the House bill?

Mr. SABO. The House reconciliation bills? No. I think, frankly, one of the problems we have facing us in reconciliation is the interpretation of that rule in the Senate. We are not sure how ultimately it is going to be interpreted.

Our assumption is we can extend our discretionary spending caps in the reconciliation bill. There is some danger that might be ruled extraneous.

We also have a problem which we are still trying to deal with. Part of our reconciliation instructions in the House were instructions to authorizing committees to change certain basic law—not authorizing amounts, but to change certain basic law which would have impact on the outlays in discretionary programs.

Some fear that the Senate might rule that to be extraneous, because ultimately those outlays are governed by appropriations and not by the authorizing bill. So, as we try and put a reasonable bill together this year, we are constantly running into complications because of that rule in the Senate.

Chairman HAMILTON. You'd leave it as is in the House?

Mr. SABO. Yes. I think the goal of what the Senate was trying to do was to not have substantial expansion of programs in reconciliation. But if it is too limited in its interpretation, it could really complicate our reconciliation process this year.

I suppose the fact is that if we had it in the House, because we could have a rules committee, we can always waive it. But——

Chairman HAMILTON. What about placing trust funds off budget? How do you feel about that?

Mr. SABO. That has never excited me. Frankly, I think when it comes to some who operate like normal, ongoing programs, that the mix for them really has to be decided as we set our spending priorities.

Social Security has always been somewhat of a different case, retirement plans.

Again, my own judgment is what we have done is mostly symbolic. If you really wanted to separate Social Security, you would probably set up a separate board to make the investments and prohibit them from investing in Federal securities.

I'm not sure that's what people want.

Chairman HAMILTON. How about these Government-sponsored enterprises? Should they be included in the budget? They are not now included in the budget in any way, are they?

Mr. SABO. Like the Post Office?

Chairman HAMILTON. Well, like the——

Mr. SABO. You know, we have had Post Office on and off—budget.

Chairman HAMILTON. I'm talking about the enterprises that have these Federal guarantees.

Mr. SABO. We govern their guarantees in some fashion. I don't think we cover their outlays, do we?

Chairman HAMILTON. The Federal Government has major responsibility in the event there is a default.

Mr. SABO. We require on guarantees a certain amount of appropriation for the reserve fund for a number of these guarantees. In others, we don't.

Chairman HAMILTON. OK. If you want to elaborate on that answer at all, you might submit something on it.

Mr. SABO. That I will.

Chairman HAMILTON. The question of the baseline—I'd just like to get your views on the use of the baseline. There are those who argue that it creates a certain bias toward increased spending. What we ought to do is just use the previous year's current outlay figure. How do you feel about the use of the baseline as a tool?

Mr. SABO. It is one tool one uses. But, frankly, when one has discretionary spending caps built in for future years, it is one measurement of, I guess, whether you have cut or expanded spending, and that's a symbolic tool. Its impact is more on discretionary to keep them somewhat similar to entitlements.

If you are going to change the entitlement law—the entitlement baseline is basically existing law. If existing law calls for an adjustment on the basis of cost of living or some other reason, that's built into its baseline.

Chairman HAMILTON. Should discretionary and mandatory funds be treated differently with regard to baselines?

Mr. SABO. I think that would skew the whole process even more towards the entitlements if he could not measure any discretionary baselines by inflation adjustments. They would look frozen in place, and all the entitlements—the baseline would constantly be moving.

So I think the baseline—you know, there might be a case where all baselines should be what existed last year, but that would then have to fundamentally change all the entitlement law and also all the tax expenditure side.

Chairman HAMILTON. Have you ever looked at the proposal for GNP or GDP budgeting? Are you familiar with that at all?

Mr. SABO. No.

Chairman HAMILTON. A number of economists argue that the Federal budget process is overly concerned with the categorization of the flows into revenues and spending, and that what you really ought to do is break the budget into what they call GDP budgeting. In other words, certain categories—defense spending would be represented as a certain percentage of GDP. You would then get an idea over a period of years what percentage of the GDP is flowing into defense and so forth.

The argument is that this gives you a much better idea really of what your priorities are in government. Of course, the priority question is always the critical one.

I gather you have not examined that at all?

Mr. SABO. Not as a budgeting tool, but we regularly analyze the budget in those terms. We regularly have provisions showing what percentage of gross domestic product defense has been over a period of time.

Chairman HAMILTON. Do you publish those tables at all?

Mr. SABO. Those are published. Yes. And what percentage domestic discretionary is. And they all—advocates use those numbers in a variety of fashions to make their case.

Chairman HAMILTON. Mr. Chairman, I have just been informed we have got a vote on an important motion to adjourn in the House.

Mr. SABO. OK.

Chairman HAMILTON. You and I will have to excuse ourselves here, and I'll ask—well, I guess you can't ask any questions if the witness is not going to be here, so we'll have to stand in——

Mr. SABO. How much time left?

Chairman HAMILTON. We have about 7 or 8 minutes left. We have to go.

We'll stand in recess.

[Recess.]

Chairman HAMILTON. Mr. Chairman, I think I have asked the questions I want to ask, and I'm not sure whether Ms. Holmes Norton is coming back or not. I think we should not detain you.

If we have any further questions, what I'd like to do is ask your permission to submit them to you in writing for a response for the record.

Mr. SABO. If I might, Mr. Chairman, one of your questions earlier related to joint committees. If I could reflect back—maybe not from my Congressional experience, but from my State legislative experience of some years ago—one of the things that surprised me when I came here was the lack of joint rules between the House and Senate for governing legislative activity that flowed from the bodies, because in our legislature each body had our own individual rules that governed how we operated each House. But we also had joint rules that governed each things like how you dealt with conference committees.

They were not very detailed, but it was a vehicle whereby every biennium you had to deal with the other body in putting those joint rules in place.

It sort of surprised me when I came here to discover that those didn't exist. But I also have to tell you, from a historical perspective of coming here, that lots of things we keep talking about here are not unique to the Congress. The differences between House and Senate are not dissimilar to problems we had there. The problems of different germaneness rules were the same. The question of what you could do in appropriation bills versus authorizing bills was always—I don't think it is——

Chairman HAMILTON. You know, we have had so many of our legislators here that have been State legislators, and one of the thoughts that has crossed our minds is we need to look carefully at some of the better-run State legislatures in the country to see what we can learn from them. It might be joint rules for budgeting or beyond that to make a lot of sense.

I appreciate your making that suggestion.

Mr. SABO. I think it might be worth looking at. Whether it would fit here, I'm not certain.

Chairman HAMILTON. Thank you very much, Mr. Chairman.

Mr. SABO. Thank you.

Chairman HAMILTON. It is a pleasure to have you with us.

I think I saw Mr. Kasich there just a moment ago.

Mr. Kasich, thank you very much for joining us. We appreciate it very much. I hope we haven't detained you too long there. You will be the final witness today.

Mr. Kasich has represented the Twelfth District of Ohio since 1982. He now serves as the ranking minority member of the House Budget Committee, a position he has held since the beginning of the current Congress.

We very much appreciate your willingness to join us, and we look forward to any observations you would like to make about the budget process or, for that matter, other matters.

STATEMENT OF THE HON. JOHN R. KASICH, A U.S. REPRESENTATIVE FROM THE STATE OF OHIO

Mr. KASICH. I'd like to make two observations, Mr. Chairman.

I know it has only been since the beginning of the year, but it seems like it was a century ago when I took on these responsibilities.

The second observation I'd like to make is that I remain optimistic, despite the injury to Allen Henderson, that your Indiana Hoosiers are going to serve us very proud as it goes to the Big Ten carrying the torch forward in the NCAA play-offs this weekend.

Chairman HAMILTON. Even though Ohio State has beaten us, huh?

Mr. KASICH. Particularly since Ohio State beat you.

Anyway, it is a pleasure for me to be here. I think my testimony is going to be slightly different than the chairman's because I have served on the Budget Committee now for 4 years, into my fifth year. Being the ranking member now puts me in an even more—in a position where I can understand even more about this whole very complicated, arcane budget process.

I think first of all we really want to make the budget resolution have the force of law. Let me tell you why I say that.

We have the United States Senate spending 50 hours debating what we should do on the budget. As you know, Mr. Chairman, the House spent many months and many hours in formulating a budget, in debating a budget, bringing it to the floor, and now we are going to go to conference committee and we are going to do more.

The bottom line, though, is that this budget, itself, dose not have the force of law. It is beyond me as to why we should spend all this time constructing a blueprint and not have it mean anything.

The fact is that whether it is in my authorizing committee, Armed Services, or the Appropriations Committee, we can go with anything we want to the floor. And when we go to the floor we can waive the Budget Act and it almost is meaningless.

I come to the conclusion that if we are not willing to strengthen the budget law and to turn the budget resolution into the force of

law, I, frankly, don't see any reason to continue having a Budget Committee. It would become the ultimate example of Congressional bureaucracy and waste if, in fact, what we do doesn't have any real force of law or any real formal meaning.

The other thing that would be required in terms of creating a joint resolution rather than the budget resolution as it is, is that it would directly involve the President.

I think it is important that the President sign off on this. In the past, we have experienced gridlock where the President—at least when we had a republican President and democratic Congress we waited until the end of the year. Then we go into these summits. We have all these closed-door meetings to try to resolve a dispute that should have been resolved at the beginning.

Rather than waiting until the end of the year in some kind of budget summitry, if we started getting the President to sign off and to work with us, then I think that would move us in the direction of eliminating that thing that everybody up here in Congress fears, and that's eliminating gridlock.

I think that we ought to have the budget resolution turned into a joint resolution and subject to the President's signature.

It would also give us this cooperative blueprint as to how we think the Government of the United States ought to be run.

Second, I want to compliment the President for trying to make the budget resolution more specific in nature.

I was delighted when the President said, "Lay down your specifics." I was delighted when the President said, "My program affects 150 programs, and if you turn in the back of this book you can see what it is."

I think that the budget resolution should just not be these aggregate numbers, but that those numbers ought to be driven by policy recommendations—at least down to the program level.

Let me give you the example of what I'm talking about, because I think it illustrates it pretty well.

Let's take the defense numbers that we have. The President wants to reduce defense spending by 112 billion over the next 5 years. Yesterday afternoon I was in a meeting with republicans and democrats from Ohio talking about what we should do with the National Guard, what we should do with the Reserves—how this conversion package works.

Of course, everybody in Ohio, just like everybody all over the country, is very fearful of two things: one, are we cutting defense too much; second, what is the economic impact?

How are we supposed to be able to judge the economic impact? How are we supposed to judge the assumptions that underlay the numbers in which weapon systems get eliminated and how that fits into a changing world when it comes to defense if we don't have any specifics about what programs are going to be impacted?

So here we have a budget resolution. We are going to walk into the Armed Services Committee, and we are going to have to meet a number. We don't know how we arrived at that number, and so the budget resolution, itself, locks us into a certain level of spending and nobody on the committee that are really the experts on defense have contributed to putting that number together.

I think that's just not the way to do it. It takes——

Chairman HAMILTON. So the budget resolution then would have a number of subcategories, allocations? Is that right?

Mr. KASICH. Just like it is right now. The President sent 150 specifics. When the republicans on the Budget Committee—we laid down 160 specific program changes. We were prepared to lay down our recommendations on defense.

Let's take intelligence for a second. Everybody is concerned about what we do with the intelligence function up here. You, as a former chairman of intelligence, protected it. You did a great job as chairman of that committee. If we are going to cut $12 billion out of intelligence, or $15 billion, or $5 billion, how are we going to do it?

The way I think the budget process ought to work, Mr. Chairman, is that the Budget Committee people should sit down with the authorizers and the appropriators.

We, as the budget people, ought to say, "These are our goals in terms of deficit reduction or levels of spending," and then we should come to you, to the authorizers and the appropriators, and we ought to say, "These are the numbers we want you to reach. Tell us how we would get there at a program-specific level." That would drive the numbers, and that would give us the blueprint for how we want to run the United States of America.

Right now all we do is give you some kind of an aggregate number, and then ultimately, if you don't like the aggregate number, we just go to the Rules Committee and we waive the budget, we waive the rules of the budget process. Why have a Budget Committee? What are we doing if it doesn't have the force of law?

Chairman HAMILTON. The chairman proceeded you a moment ago and said that—I asked him about this question of waivers on the budget and if we are abusing it, using it too much.

One of his responses, as I recall, was that we don't use the waivers very often for numbers. I don't know. He didn't give us any statistical information on that. Is that your impression that the——

Mr. KASICH. I have here that the rules waived the Budget Act 537 times between the 96th and the 102nd Congress. We really—it is no longer the tail wagging the dog. The tail is the dog now when it comes to this whole waiver business.

Chairman HAMILTON. The waiver is almost automatic.

Mr. KASICH. Absolutely. And then what's the point? Where is the discipline?

We wonder why our spending levels are out of control.

Chairman HAMILTON. Is it your sense that the waivers are used largely for numbers, or are they used for technical matters or substantive matters?

Mr. KASICH. I think they are used—I've got some staff people who have followed this relatively arcane process for a long time, and I'm told that it is not just a policy change, but it is a numbers change. In fact, they indicate more numbers than it is anything else. But I don't have that broken down. We'd be glad to supply that to the committee.

Chairman HAMILTON. I think we would be interested in that. Why don't you furnish how these waivers break down for the record, if you would, please?

[The prepared statement of Mr. Kasich and attachments appear in the Appendix.]

Chairman HAMILTON. Go ahead. I didn't mean to interrupt your testimony.

Mr. KASICH. To get back to the way—and this is the way that I tried to put, along with my colleagues on the committee, our budget together.

We consulted with appropriators. We consulted with authorizers. Sometimes we got good cooperation; other times they grudgingly kind of went along. Some didn't want to go along at all.

But by them giving us some guidelines about the kind of policy that would underlie our numbers, we were able to put a budget together that was very specific and that has been given, I think, great reviews by people, Mr. Chairman, across the board in the media who have watched the budget for a long time. They said we did a good budget.

So once we have it together, then we ought to be able to say, "Let's not change it. Let's stick to it." Sticking to rigor is what gives us success. That's why Bobby Knight is such a great coach. They don't have waivers in team meetings. Knight says this is the way it is going to be, and that's the way they carry it out.

The other thing is, of course, we should broaden the jurisdiction of the committee. It is crazy that if we want to change the budget law we have got to go to the Government Operations Committee in order to make a change in the way the budget works.

We, as members of the Budget Committee, clearly ought to have that——

Chairman HAMILTON. What do you mean by broaden the jurisdiction?

Mr. KASICH. If we want to make some changes in the budget, we want to be able to control—we want the changes in the Budget Act to come before the Budget Committee, and we ought to be the ones to change it, not the Judiciary Committee or the Government Operations Committee. We think we ought to be able to do that.

And then, finally, back to this question of waivers, I think you've got to really spend some time looking at what we can do. Even if it is a super majority in terms of waivers, we don't want it to be just a partisan endeavor where one party can just overrule the other party and break down any of the discipline.

Chairman HAMILTON. All right.

Mr. KASICH. And then one other thing I wanted to talk to you about, Mr. Chairman.

There is a concept that I have been interested in for a long time and, in fact, I have written amendments and have had them included, and it is an area called "performance-based budgeting."

We have had a lot of frustration up here trying to decide which programs work and which ones don't. I think that we should incorporate this concept called "performance-based budgeting" in virtually all the spending programs of the Federal Government. There may be some places where it wouldn't work, but in most places it would work.

In other words, what it would mean, Mr. Chairman, is that if I want X number of dollars to fund a particular program to fix hous-

ing, I ought to tell you when I come before you—let me give you a better example—public law 480, which you are familiar with.

Public law 480 is designed—well, let me give you an even better one than that, AID—Agency for International Development. That program is designed to raise the economic level of poor people in countries that have problems with poverty.

In many cases what we do is we go to India, for example, and we put up this—we have this AID project. We displace all these people in India, and we haven't accomplished our goal.

What ought to happen is the people who administer the AID program ought to come to you, and they say, "We want to have X number of dollars, and this is why our goals are, and this is how we are going to go about doing them." And then, when they come back the next year to ask for more money, they should be required to come back and give you a specific report saying, "These were the goals that we set. This is how we said we were going to get there. And this is the end result. This is what we achieved."

That way, rather than a decision about whether a program works or not being wrapped up in partisan debate or some subjective analysis, we would be in a much better position to be able to really decide which things the Federal Government does that work and which things don't work.

There is a debate, for example, in education. I just read Bill Goodling talking about the early education programs. He says they don't work. I don't know whether they work or not. But what would be a beautiful thing would be for us, as Members, in sitting and trying to decide which programs work and which programs don't work, to do it on the basis of analysis by the people who first began to promote their ideas. Come back and tell us what you did.

Let's go back to Indiana for a second. If Damon Bailey says, "Coach, put me in. I'm going to score 10 points in this game. I'm going to have 7 assists." well, when the game is over they are going to look at the stat sheet and they are going to say, "Yes, it did work," or "No, it didn't work." That is the way I think we ought to do budgets. And we ought to consider this concept of performance-based.

Chairman HAMILTON. Is performance-based budgeting used in other enterprises? Do State governments use it? Do private enterprises use it?

Mr. KASICH. It has been used in Dayton, Ohio. The entire Human Services budget of the State of Florida uses this concept of performance-based budgeting. I think there is a place—I know in San Diego they have used it. We can get you the background on this.

But they have applied this in local governments and in State governments in an effort to try to determine what things work and what things don't work.

Now, this is not a partisan recommendation at all. I know that Senator Roth and the Senate have got interest in it. I know that Darman has had interest in it. And I know that in our armed services Chairman Aspin agreed to include a number of areas about this concept of performance-based budgeting.

There isn't any perfect answer, but we have talked about this zero-based budgeting and all this stuff. I don't think that works very well. I think it is a gimmick. But I think that this really has

the potential to deliver some good, objective analysis of the programs of the Federal Government.

Chairman HAMILTON. Well, we are interested in the question, and anything you care to supply us we would be very pleased to have.

What do you think of a joint committee on the budget?

Mr. KASICH. You know, I think, Mr. Chairman, that the bottom line is that—I mean, I think that makes some sense, as well, because again it pulls us together in terms of doing a blueprint that everybody signs off on. I think the other thing is I'm not so sure we ought to rotate off. I don't understand why we have got authorizing committees with people——

Chairman HAMILTON. With 6-year limitations.

Mr. KASICH. Yes. I'm not convinced. I think we want to develop expertise.

Chairman HAMILTON. Do you think it should be permanent?

Mr. KASICH. I believe so. I don't think that—I'm not saying that the chairmanship shouldn't rotate, or the ranking position shouldn't rotate, but I think developing real expertise in this budget is critical.

Our freshmen Members who came on budget this time claim that they have learned more about the budget process in these 2 months, and they feel so far ahead of some of their colleagues in terms of understanding the operation of the Federal Government.

It wouldn't make any sense to then just take them in 6 years and move them off and start all over again. Let's develop some real expertise in the programs of the Federal Government.

Chairman HAMILTON. On the general complaint that the process is simply too complicated—authorization, appropriation, budget—how do you feel about that? Do you see any sense in combining authorizing and appropriation committees?

Mr. KASICH. I think it does make sense to move in that direction. I'll tell you why.

Chairman Dellums and I spent 3 years trying to kill the B–2, as Mr. Wincup is well aware. So we win the fight in the authorizing committee, and I've got to spend my time worrying that the appropriators are going to try to stick it back in.

The other problem that we have, for example, in armed services, is that we don't authorize programs and the appropriators go and they spend money for programs we haven't authorized. Why do we have to have all that bureaucracy?

We've got 31,000 people that are staff people here to Congress. That means if we evacuated Westerville, Ohio—my home town—we could fill the whole town with all the staff people that we have on Capitol Hill.

I'm going to advance something to you, Mr. Chairman. I think you are a great Member of Congress. Do you know why I believe that? Because you are hands on. You have staff that helps you, but Lee Hamilton is hands on.

What happens up here is we have so many staff people that Members become—it is real easy to be relying on staff, and so we get ourselves in a position where we don't do hands on things ourselves and you've got staff negotiating all this. It ought to be the Members doing it.

I think if we shrink staff—and we shrink staff by shrinking all this jurisdiction business—and say there ought to be authorizers and appropriators put together—I don't understand why I've got to debate with Ron Dellums in armed services and I can't debate Jack Murtha in appropriations. Jack Murtha is saying we've got to take this military action against North Korea. Why are we meeting in two separate rooms and I can't hear what Murtha has to say about things?

Obviously, it should be put together. The same thing with foreign aid. They say the Foreign Affairs Committee—you really want to get to where foreign affairs is going to be decided, you've got to go talk to Obey. Obey and Fascell, at the time, and now you, Mr. Chairman, you guys should be in the same room deciding these kind of things.

Chairman HAMILTON. OK. Would you abolish the Budget Committee as it operates today?

Mr. KASICH. Lee, I don't see what its purpose is if we are going to have all these waivers. Why are we doing it this way? What is its meaning?

Chairman HAMILTON. That would be one way to cut out a little complexity, right?

Mr. KASICH. Look. If you were to try to take a poll of the Members of Congress and get them to explain what it means by "reconciliation" and then you've got to get the Ways and Means Committee, and Energy and Commerce, and all the authorizers to do the reconciliation, to report back, and then you get the Appropriation Committee. If you said to Members of Congress, "Explain to us how this budget process works," do you think we'd have 10 percent of them that could run through this gamut? I don't think so. I really don't think so.

That's not against the Members, but it is so——

Chairman HAMILTON. I understand.

Mr. KASICH. It is so complicated.

Chairman HAMILTON. I presume you support the line-item veto?

Mr. KASICH. Yes. I support the line-item veto.

Chairman HAMILTON. How do you feel about enhanced or expedited recision?

Mr. KASICH. Better than nothing.

Chairman HAMILTON. All right. But you're prefer the line-item veto?

Mr. KASICH. Of course. And the reason I do is it allows all these Members to put all their stuff in and let the President make the hard choice.

But I want to tell you something, Mr. Chairman—and this will take me away from what has been said over the years—I am for the balanced budget amendment. I am for the line-item veto. But they are no substitute—no substitute for making choices.

Chairman HAMILTON. Still a question of political will.

Mr. KASICH. You've got it. You can say you are for the balanced budget amendment, but I want to tell you if we were to get there by the year 2001 the kind of reductions in spending we would have to implement to get there would make a lot of Members shudder. So I'm for it, but I am for it in a realistic way, and I don't think we should rely on gimmicks up here.

Chairman HAMILTON. As long as you've got a budget resolution, would you do it annually, or do it every 2 years?

Mr. KASICH. I don't know. I'd probably do it annually.

Chairman HAMILTON. How about multi-year appropriations or multi-year authorizations? I'm kind of firing a lot of questions at you here just to get your impressions. I don't mean to put you on the spot. You've worked very, very closely with this, and I'm kind of interested in your reactions to these things.

Mr. KASICH. In terms of multi-year appropriations for defense, it makes a lot of sense because if you can appropriate money for defense systems, which is a good example, then you save money. If you don't and you do it year to year and people are uncertain, it ends up costing you more money. I guess you'd have to pick and choose on that.

But let me say this to you. What is wrong with the idea of putting the Armed Services Authorizing Committee and Appropriating Committees together? For the Budget Committee, which is to create the blueprint for all of Government, for Marty Sabo to go to whoever becomes the head of this Joint Committee to say, "We think we've got to achieve these kind of savings, and, Mr. Chairman, how would you get there?" and then the armed services people—whatever you would call this joint committee—would sit down and say, "Well, I think we can get there by doing these kinds of things." And then the republicans would do the same thing.

Then when we would debate a budget we would have our outline as to how the United States of America ought to be run, and the democrats would have their outline about how the United States would run. The President would be involved in having to sign off. You would have two clear blueprints, and that would be what we would do for the year. We wouldn't be waiving the Budget Act and all this other stuff and running through reconciliation and waiving this Budget Act. It would be a simple process that people could understand.

Chairman HAMILTON. What do you think about the baseline, the use of the baseline?

Mr. KASICH. That is one of the dumbest things that you can have, in my judgment.

Chairman HAMILTON. It increases——

Mr. KASICH. In Indiana——

Chairman HAMILTON. It increases spending?

Mr. KASICH. You know, I never understood. We offered an amendment in Budget Committee, and the democrats rejected getting rid of the baseline, and I think they hurt themselves because there isn't any system I can think of on the face of the earth where we say that a cut in spending is an increase.

If the baseline goes up 3 percent and you provide a 2 percent increase, that's a cut. All that does is frustrate the American people and blunt us from being able to do our job, Mr. Chairman.

I would say to you, though, there are probably a couple of areas where you might make an exception. We would have to think it through.

If you take Medicare, for example—of course, in the area of medical costs we have just refused to come to grips with it, and so now we are at a crisis. Maybe it would have been better had we not

done baseline budgeting. But in a medical cost, I can see an argument as to maybe why you build some inflation factor in.

But whenever the people hear that an increase is a cut—every time you go home they say, "You are cutting education." We say, "Wait a minute. We are not cutting—" I'll give you a good example—Headstart. We increased Headstart at the baseline, which means it goes up. The democrats, during the budget debate on the House floor, said, " you are cutting Headstart."

We are not cutting Headstart. We are going up at the baseline. But they are saying, "Because you are not going up as far as we are, you are cutting Headstart." Does that serve anybody's interests?

Mr. Chairman, again, I am not giving you false praise. As you know, I think you are a great Member. Our interests here——

Chairman HAMILTON. You are doing a pretty good job.

Mr. KASICH. Our interest here——

Chairman HAMILTON. That's why I am keeping the hearing going.

Mr. KASICH. Our interest here, Mr. Chairman, is to serve America. And so if we get rid of this baseline notion, it is going to be easier for you, over the next 3 years, to do honest-to-goodness budgeting changes without having the people going crazy based on something that isn't reality.

A family—if I am working and I've got a family at home and I don't get a pay raise this year, I don't make an argument that I got a cut. I just didn't get a raise.

Chairman HAMILTON. If you were going to give this committee a single piece of advice, or maybe two pieces of advice, what would it be?

Mr. KASICH. You know, it is nice you ask me this.

Chairman HAMILTON. What is at the top of your list?

Mr. KASICH. I would give you one bit of advice. Be bold.

This is a great window of opportunity for Congress to do something. People are going to read in the press, when this committee gets done, that here is what the Joint Committee did. If it is just some goofy headline buried on page 46, then I don't think you took advantage of the window of opportunity.

There is really a window to shake this place up. I think all too many times in Washington we act like—this is the way I kind of think of it. If you play golf, you get out on the first tee and you hit your first eight shots out of bounds, usually what happens is somebody says, "You ought to change your swing," and you do. But in Washington we say, after we hit eight shots out of bounds, "I'm not going to change my swing," and we hit eight more out of bounds and say, "Boy. Aren't I doing great?"

Chairman HAMILTON. Change the course.

Mr. KASICH. I'm saying that we should be bold and we should make some significant changes in the operation of the United States Congress, because I'm going to tell you, Mr. Chairman, I think the people are ready to come down here and mass protest. They are fed up. They are fed up with what they see. And you are in just such a beautiful position, along with the rest of the Members of this panel, to really be bold.

If you say, "Should we go the extra step?" Yes. We can always come back and ratchet down, but these windows of opportunity give us a chance to do some really wonderful things for our Nation.

Chairman HAMILTON. OK. Thank you very much.

Mr. KASICH. Thank you, Mr. Chairman.

Chairman HAMILTON. We appreciate it. Your testimony has been lively and stimulating. Thank you for your appearance.

Mr. KASICH. I'm glad to be here. Thank you.

[Whereupon, at 10:45 a.m., the committee adjourned, to reconvene at the call of the Chair.]

APPENDIX

Mr. Chairman, Members of the Committee, thank you for the opportunity to testify before the Joint Committee on the Organization of Congress.

I recognize that you have received testimony from the leadership in both Houses of Congress as well as from many distinguished witnesses from the private and public sectors. It is an honor for me to join such company.

Although I have been Chairman of the House Budget Committee for only a few months, I have been a member of the Committee for four years and a member of the House Appropriations Committee for fourteen years. I have been concerned about the budget process all these years and it is to the budget process that I want to direct my remarks.

We just went through the experience of passing a budget resolution in the House. We took prompt action, as did the Senate. Yet at the same time we reviewed the proposal very thoroughly, considered alternatives and acted on the Concurrent Resolution in a timely fashion.

I mention this at the beginning of my remarks because there has been considerable media commentary about gridlock and the difficulty of getting any serious measure acted on promptly. The quick but thorough action we took on the budget resolution shows that there is a lot right about the way the budget process works. I believe that the budget process is operating as it was originally intended. And so, any changes I may suggest will not be of the dramatic kind that have been talked and written about by others over the past few years.

However, I would like to comment on some of the more familiar changes that have been proposed, beginning with the proposal for a constitutional amendment to balance the budget.

We have had our Constitution for more than two centuries. We have had persistent deficits for only two decades. The Constitution is NOT our problem.

The balanced budget amendment idea is offered as some sort of panacea for all our economic woes. The truth is that if we had such an amendment in force we never would have been able to undertake a Desert Storm, fight the Cold War, relieve the suffering brought on by the Great Depression, or make good on the Federal government's commitment to all those individuals who entrusted their life's savings to the nation's savings and loans. We should not clutter our Constitution with an unnecessary and restrictive amendment. The Constitution of the United States is no place for economic policy options.

The House and Senate have approved President Clinton's proposal that, when fully implemented, will provide more than $500 billion in deficit reduction over the next five years. The Budget Enforcement Act of 1990 provided for $477 billion in deficit reduction. We did both without the "discipline" of any constitutional or statutory requirement.

Another proposal that is frequently brought up when people speak about improving the way Congress acts on the budget is the proposal to combine the

House and Senate Budget Committees into a Joint Committee on the Budget. Nearly 30 years ago House Appropriations Chairman George Mahon said that joint committees are not an advantageous policy vehicle for the House of Representatives. I believe that statement is just as true today as it was in 1965 when Chairman Mahon first said it before another Joint Committee on the Organization of the Congress.

The Founding Fathers separated the Congress into two Houses for good reason. We each have functions to perform. Certainly the House should not compromise its most important functions--originating federal tax legislation and initiating appropriation policies--by having them submerged in joint committee deliberations.

Chairman William Natcher of the House Appropriations Committee testified before you last week and gave what I thought was a thorough and spirited defense of the current appropriations process. I want to go on record endorsing his views.

We can, of course, reform the way we write the budget. There are those who believe that if we changed our accounting procedures we would get rid of the deficit. It may be useful to look at the budget in a variety of ways--the current way, or with a capital budget (which is how major corporations and state governments budget) or a deficit reduction trust fund. But any way we look at it, we will collect only so much money in revenue in a given year and expend only so much in the same year. The difference between these two figures, insofar as there is a difference, is either a surplus or a deficit. We cannot remove the budget deficit with accounting gimmicks.

That doesn't mean that we're wrong in moving Social Security off budget. Doing that provides some sort of symbolic reassurance that Social Security money is dedicated to a specific purpose. But this accounting procedure--for that is what it really is--will not change the fundamental fact that each year the government spends a certain amount of money and collects a certain amount of money.

I notice that one witness before this joint committee suggested that the President be permitted to participate directly in the formulation of budget resolutions. I categorically oppose this on the separation of powers principle. The Congressional budget process was created to restore the Congress' role in the formulation of fiscal policy. The President has at his disposal many measures which he can use to gain a desirable result.

If we want federal income to be in balance with federal expenditures, we have to make some hard decisions. Sometimes it is easy to forget that we have made some hard decisions in the past. I disagreed with some and supported others. In particular, I supported the Budget Enforcement Act of 1990. This measure essentially worked as it was intended. The simple truth is that federal expenditures have been reduced because of control legislation we have passed.

This brings me to the heart of my message today. That is, the Congressional budget process is a relatively young mechanism. It is less

than twenty years old. I am sure that very few people at the time of its original passage in 1974 would have thought that the Budget and Impoundment Control Act would be as firmly established as it is today.

Because the process is so young, we should be very careful about making dramatic changes that are untested by experience. The experience of the first Gramm-Rudman-Hollings Act taught us important lessons that we incorporated in the revisions that followed. It is this kind of change--less dramatic certainly than a constitutional amendment--that has brought about genuine improvement.

Any continued improvement we make--and we should continue to work to improve things--probably will be more fruitful if we base our changes on the experiences we have had with this very young budget process.

We know from experience that reconciliation works. We have had nine reconciliation measures so far and will pass a tenth this year. The reconciliation measure in the current resolution recommends the continuation of overall caps for discretionary spending and pay-as-you-go provisions for an entitlement increase or tax reduction. It is flexible because it is not long term and the provisions do not extend beyond five years. Finally, there is room for emergency funding. The flexibility to change in a timely manner is crucial to the success of the budget process.

On a philosophical note, let me add that we should constantly try to improve things--for nothing is ever perfect. But we should not try to make wholesale changes without knowing what their consequences will be. Many of the changes that are being touted today are untested and, I believe, unworkable. There is no substitute for hard decision making on the part of Congress or the President.

President John F. Kennedy reminded us that to govern is to make choices. Our charge is to make hard choices about what spending we want to cut, what taxes we want to raise, what investments and priorities we want to make. We cannot avoid making such decisions by hiding behind procedural changes.

The current budget process and the two Budget Committees should be retained. At its core, the congressional budget process created by the 1974 Budget Act is necessary for Congress to retain and exercise its responsibility for economic and fiscal policy in an era of strong Executives. This responsibility was given to Congress in the Constitution. There will be times when Congress will agree with the fiscal policy proposed by the President. There may be years when Congress cannot muster a consensus for an alternative fiscal policy, even though it disagrees with the President's. But whenever Congress wishes to implement a fiscal policy different from that of the President, a congressional budget process is essential.

Comptroller General
of the United States
Washington, D.C. 20548

B-250728.2

February 1, 1993

The Honorable Thomas S. Foley
Speaker of the House of Representatives

Dear Mr. Speaker:

In order to keep the Congress apprised of the amount and frequency of rescissions proposed and enacted we have updated our compilation of historical information and statistics regarding rescissions proposed by the Executive branch and rescissions enacted by the Congress which we supplied you on April 30, 1992. These statistics were prepared in accordance with the same scope and methodology used in compiling our April 30 tables. See B-246096.8, April 30, 1992 (attachment). Enclosed are the following documents:

-- an updated table showing from 1974 to the present: (1) the aggregate number and amount of rescissions proposed by the President, (2) the aggregate number and amount of those proposals enacted by the Congress, (3) the aggregate number and amount of rescissions initiated by the Congress, and (4) the total number of rescissions enacted and the total amount of budget authority rescinded, with grand totals for each category (Attachment I); and

-- an updated table showing by Administration, from 1974 to the present, the aggregate number and amount of rescissions proposed by the President and enacted (Attachment II).

I trust you will find this information useful.

Sincerely yours,

Milton J. Socolar

for Comptroller General
of the United States

Enclosures - 2

SUMMARY OF PROPOSED AND ENACTED RESCISSIONS
FISCAL YEARS 1974 - 1993

(All legislative action through December 11, 1992)

Fiscal year	Rescissions proposed by president	Dollar amount proposed by president for rescission	Proposals accepted by Congress	Dollar amount of proposals enacted by Congress	Rescissions initiated by Congress	Dollar amount of rescissions initiated by Congress	Total rescissions enacted	Total dollar amount of budget authority rescinded
1993	0	$0	0	$0	8	$242,825,643	8	$242,825,643
1992	128	7,879,473,690	26	2,067,546,000	131	22,526,953,054	157	24,594,499,054
1991	30	4,859,251,000	8	286,419,000	26	1,420,467,000	34 [a]	1,706,886,000
1990	11	554,258,000	0	0	71	2,304,986,000	71	2,304,986,000
1989	6	143,100,000	1	2,053,000	11	325,913,000	12	327,966,000
1988	0	0	0	0	61	3,888,663,000	61	3,888,663,000
1987	73	5,835,800,000	2	36,000,000	52	12,359,390,675	54	12,395,390,675
1986	83	10,126,900,000	4	143,210,000	7	5,409,410,000	11	5,552,620,000
1985	245	1,856,087,000	98	173,699,000	12	5,458,621,000	110	5,632,320,000
1984	9	636,400,000	3	55,375,000	7	2,188,689,000	10	2,244,064,000
1983	21	1,569,000,000	0	0	11	310,605,000	11	310,605,000
1982	32	7,907,400,000	5	4,365,486,000	5	48,432,000	10	4,413,918,000
1981	133	15,361,900,000	101 [b]	10,880,935,550	43	3,736,490,600	144	14,617,426,150
1980	59	1,618,100,000	34	777,696,446	33	3,238,206,100	67	4,015,902,546
1979	11	908,700,000	9	723,609,000	1	47,500,000	10	771,109,000
1978	12	1,290,100,000	5	518,655,000	4	67,164,000	9	585,819,000
1977	20	1,926,930,000	9	813,690,000	3	172,722,943	12	986,412,943
1976	50	3,582,000,000	7	148,331,000	0	0	7	148,331,000
1975	87	2,722,000,000	38	386,295,370	1	4,999,704	39	391,295,074
1974	2	495,635,000	0	0	3	1,400,412,000	3	1,400,412,000
Total: 1974 - 1993	**1,012**	**$69,273,034,690**	**350**	**$21,379,000,366**	**490**	**$65,152,450,719**	**840**	**$86,531,451,085** [c]

a The Military Construction Appropriations Act of 1991 approved certain rescissions proposed by the President in 1990 41 days after the funds were released for obligation under the Impoundment Control Act Presidential rescission proposals R90 4 R90 5 and R90-10 totalling about $41 million were not approved

b Thirty three rescissions proposed by President Carter and totalling over $1 1 billion are not included in this table These rescission proposals were converted to deferrals by President Reagan in his Fifth Special Message for Fiscal Year 1981 dated February 13, 1981

c The total estimate of budget authority rescinded is understated This table does not include rescissions which eliminate an indefinite amount of budget authority

RESCISSIONS BY PRESIDENTIAL ADMINISTRATION
UNDER THE IMPOUNDMENT CONTROL ACT

Fiscal Year	Rescissions proposed by President Bush		Presidential proposals accepted by Congress			Rescissions Initiated by Congress During Bush Administration	
	Number	Dollar Amount	Number Accepted	Dollar Amount	Percent Accepted	Number	Dollar Amount
1993	0	$0	0	$0	0	8	$242,825,643
1992	128	7,879,473,690	26	2,067,546,000	20	131	24,526,953,054
1991	30	4 859,251,000	8	286,419,000	27	26	1,420,467,000
1990	11	554,258,000	0	---	0	71	2,304,986,000
1989	0	0	0	---	0	11	325,913,000
TOTAL	**169**	**$13,292,982,690**	**34**	**$2,353,965,000**	**20**	**247**	**$ 28,821,144,697**

Fiscal Year	Rescissions proposed by President Reagan		Presidential proposals accepted by Congress			Rescissions Initiated by Congress During Reagan Administration	
	Number	Dollar Amount	Number Accepted	Dollar Amount	Percent Accepted	Number	Dollar Amount
1989	6	$143,100,000	1	$2,053,000	17	0	$0
1988	0	0	0	0	0	61	3,888,663,000
1987	73	5,835,800,000	2	36,000,000	3	52	12,359,390,675
1986	83	10,126,900,000	4	143,210,000	5	7	5,409,410,000
1985	245	1 856,087,000	98	173,699,000	40	12	5,458,621,000
1984	9	636,400,000	3	55,375,000	33	7	2,188,689,000
1983	21	1,569,000,000	0	0	0	11	310,605,000
1982	32	7,907,400,000	5	4 365,486,000	16	5	48,432,000
1981	133	15,361,900,000	101	10,880,935,550	76	43	3,736,490,600
TOTAL	**602**	**$43,436,587,000**	**214**	**$15,658,758,550**	**36**	**198**	**$33,400,301,275**

RESCISSIONS BY PRESIDENTIAL ADMINISTRATION
UNDER THE IMPOUNDMENT CONTROL ACT
(continued)

Fiscal Year	Rescissions proposed by President Carter		Presidential proposals accepted by Congress			Rescissions Initiated by Congress During the Carter Administration	
	Number	Dollar Amount	Number Accepted	Dollar Amount	Percent Accepted	Number	Dollar Amount
1981	33	$1,142,364,000	0	$0	0	0	$0
1980	59	1,618,100,000	34	777,696,446	58	33	3,238,206,100
1979	11	908,700,000	9	723,609,000	82	1	47,500,000
1978	12	1,290,100,000	5	518,655,000	42	4	67,164,000
1977	7	791,552,000	2	96,090,000	29	3	172,722,943
TOTAL	**89**	**$4,608,452,000**	**50**	**$2,116,050,446**	**56**	**41**	**$3,525,593,043**
Note The 33 rescissions proposed in 1981 by President Carter were converted to deferrals by President Reagan in his Fifth Special Message of Fiscal Year 1981, dated February 13, 1981							

Fiscal Year	Rescissions proposed by President Ford		Presidential proposals accepted by Congress			Rescissions Initiated by Congress During Ford Administration	
	Number	Dollar Amount	Number Accepted	Dollar Amount	Percent Accepted	Number	Dollar Amount
1977	13	$1,135,378,000	7	$717,600,000	54	0	$0
1976	50	3,582,000,000	7	148,331,000	14	0	0
1975	87	2,722,000,000	38	386,295,370	44	1	4,999,704
1974	2	495,635,000	0	0	0	3	1,400,412,000
TOTAL	**152**	**$7,935,013,000**	**52**	**$1,252,226,370**	**34**	**4**	**$1,405,411,704**

STATEMENT OF THE HONORABLE JOHN R. KASICH BEFORE THE JOINT COMMITTEE ON THE ORGANIZATION OF CONGRESS

March 25, 1993

Mr. Chairman, I am honored to be invited to testify before the Joint Committee on Congressional Reform. The Joint Committee's work is undoubtedly one of the most important activities of the 103rd Congress. With the American people becoming increasingly frustrated with the perceived inability of Congress to address our most pressing problems, I urge the Joint Committee to take bold and innovative action to improve Congress' efficiency and policy making.

One area that requires the Joint Committee's serious consideration is reform of the Congressional budget process, including the jurisdiction and organizational structure of the House Budget Committee. For example, particular attention must be focused on justifying policy assumptions during consideration of the budget resolution and on enforcement of the resolution once it is approved. In my view, Congressional reform cannot be achieved unless the Congressional budget process is also modified. Congress spends an inordinate portion of its legislative schedule on either the budget resolution, reconciliation, authorizations, and appropriations that it is impossible to separate overall Congressional reform from changes in how Congress makes budget-related decisions.

My comments and suggestions are the product of four years of service on the House Budget Committee, highlighted by an exhausting eleven weeks as the ranking Republican on the committee. During the last six weeks, I have led a successful effort to put forth the first Republican budget substitute in six years that is credible and intellectually honest. However, these past six weeks have also made me realize the many weaknesses and shortcomings within the current budget process. I would like to share a few of my ideas on how the Congressional budget process must be improved and reformed.

The existing House Budget Committee and the resultant budget process flowing from the committee's actions should either be strengthen or abolished. While the current system provides the Budget Committee with important functions that have improved the Congressional budget process, the Budget Committee is often prohibited from doing an even more effective job of establishing and enforcing budget priorities. There are a number of improvements that must be made. Any short list of required reforms must include: 1) strengthening the budget resolution by giving it the force of law; 2) requiring the Budget Committee to explicitly state the policy assumptions that drive the numbers included in the budget resolution; 3) broadening the jurisdiction of the House Budget Committee; 4) enhancing the Committee's ability to enforce the budget resolution.

To begin with, the budget resolution should be converted from a Concurrent Resolution

into a Joint Budget Resolution subject to the President's signature or veto. The President's role is so integral to the entire budget process that it makes little sense for him not to approve the overall blueprint. I believe that the central role of the President in the budget process should be formalized by allowing the President to accept or reject the budget resolution. Without such a joint budget resolution, there is no single legislative vehicle by which Congress and the President can agree upon regarding the outlines of budget policy. The President, under current procedures, is limited to responding in a piece-meal fashion to each of the 13 appropriations bills, sundry authorization bills and an occasional reconciliation bill. In my view, the President's role in formulating budget policy would be dramatically improved by creating a Joint Budget Resolution.

Further, the policy assumptions underlying the budget resolution need to be clearly stated and subject to public debate. While I realize the budget resolution has historically consisted of only aggregate numbers in broad budget functions, such a practice obscures the many policy assumptions that generate those aggregate numbers. We all know the Budget Committee must make specific policy assumptions, so why not require them to be specified in the budget resolution. Unfortunately, many Members of Congress oppose this idea because they feel the Budget Committee could become a super Appropriations Committee. While I share their concerns, I believe the Budget Committee should be specific as to how it reaches the various spending levels specified in the budget resolution. The recent budget battle is a perfect example.

Over the past month, President Clinton and other Democrat Members of Congress have been challenging Republicans to draft a budget plan with specific spending cuts. The Republican Budget Committee members met that challenge and put forward a budget that reduced the growth of federal spending by $429 billion over five years. Committee Republicans were proud of their achievement and looked forward to debating Committee Democrats on various budget specifics contained in both the Democrat and Republican plans. However, on the morning of the markup, Chairman Sabo announced that while the majority was providing $63 billion in addition spending cuts, there would be no specifics provided as to what programs were being reduced. Although no details were provided, it was clear that policy assumptions had been made because one spending cut was listed as $431 million, not $430 million or $435 million, but precisely at $431 million.

As Republican Budget Committee members discovered, it is simply impossible to engage in any rational debate on aggregate numbers without discussing the policy assumptions that drive the numbers. I am not asking that the Budget Committee micro manage budget policy, but I do believe that the assumptions behind the numbers should be debated up front. Budget Committee members should not have to wait until after mark up to determine from the committee report the policy assumptions behind the budget resolution numbers.

Thirdly, the jurisdiction of the House Budget Committee needs to be expanded to

encompass the entire budget process. Just as the Senate Budget Committee, the House Budget Committee should have jurisdiction over the Budget Act, Gramm-Rudman, and the Budget Enforcement Act. It is ludicrous for the House Budget Committee to exercise no jurisdiction over the very statutes it is responsible for enforcing. Besides, the House Budget Committee has played the lead role in previous budget reform efforts--irrespective of its lack of jurisdiction.

Furthermore, I would like to add that I am not opposed to changes in the composition of the Budget Committee which would provide expanded or exclusive representation on the Budget Committee by members of the Leadership and authorizing and appropriations committees. Equally important, I suggest that the Joint Committee review the current practice of limiting the tenure of the Budget Committee members. If indefinite committee membership is appropriate for other standing committees, why should the Budget Committee be treated any differently. On the other hand, if the Joint Committee finds that rotating Budget Committee membership has merit, I suggest that limited tenure be examined for the other permanent committees.

As you may be aware, members other than the Chairman and ranking member serve six year terms. We should not, therefore, be surprised that some members tend to view themselves as representatives of the authorizing or appropriations committees rather than as stewards of the budget.

It is in the area of enforcement that the Congressional budget process is the most deficient. In short, Congress should be precluded from waiving the Congressional Budget Act. Between the 96th and 102nd Congress, the House Rules Committee waived 537 violations of the Budget Act. More significantly, the rise of blank waivers have effectively eliminated any enforcement under the Budget Act. It does not make sense for Congress to vote on a Budget Resolution if there is no way to enforce it.

I recognize that any restriction on waivers may be viewed as a threat to the majority party's control over the legislative agenda. Yet, it is the budget priorities of the majority that are not being enforced when the Budget Act is waived. Is it really too much to ask that the House enforce its budget resolution by adhering to its own rules?

House Republicans have also become increasingly frustrated with blanket waivers. Republican support for automatic and sequester-type budgetary mechanisms that tend to erode Congressional control over the budget process is largely a response to the inability of the House to enforce its own budget rules.

Finally, I would also like to encourage the Joint Committee to explore various versions of performance-based budgeting. Over the last two years I have offered a series of amendments to authorizing legislation designed to force both the Administration and Congress to view traditional incremental-style budgeting in a new light. Congress as a

rule authorizes and appropriates spending with no reference to the goals the programs or agencies are expected to accomplish. Performance-based budgeting requires Congress to specify the policy goals the agency or program should accomplish with the appropriated level of funding. Simply put, it sets objective performance measures to determine the effectiveness of a program and requires the affected agency to report whether the goal was realized. Congress, if it should ever adopt performance-based budgeting, would then be able to determine if a program or agency should continue to receive funding based on program outcomes. Performance-based budgeting is a radical departure from how Congress currently operates, but our current budgetary problems demand new approaches. I am convinced that performance-based budgeting holds great potential to achieve billions of dollars in program savings.

Again, I thank the Joint Committee for allowing me to testify. I only hope that any reforms recommended by the Joint Committee are directed towards improving the accountability of policy makers in reaching budgetary decisions and ensuring that those decisions are effectively enforced.

BUDGET ACT WAIVERS

REPORTED IN HOUSE

96TH - 102ND CONGRESS

§Waived	96th	97th	98th	99th	100th	101st	102nd
302(a)[1]	0	0	0	0	1	0	0
302(c)[2]	0	0	0	2	5	3	0
302(f)[3]	0	0	0	19	11	12	5
303(a)[4]	9	12	48	25	2	5	1
305(a)[5]	0	1	1	1	1	1	1
311[6]	5	15	12	21	4	4	1
401(a)[7]	23	21	6	5	1	0	0
401(b)[8]	13	7	10	6	1	2	0
402(a)[9]	77	42	54	27	N/A	N/A	0
402[10]	N/A	N/A	N/A	N/A	O	0	1
Budget Waivers	127	98	133	106	37	27	9
Blanket Waivers[11]	0	4	4	28	47	63	78
Total Waivers	127	102	137	134	84	90	87
Total Rules Reported	259	152	190	164	165	161	185
Waivers as % of Total Rules	49%	67%	72%	82%	51%	56%	47%
Waivers less §402(a)[12]	50	60	83	107	84	90	87
Non §402(a) waivers as % of Rules	19%	40%	44%	65%	51%	56%	47%

Sources: Legislative Calendar, Committee on Rules, 96th-101st Congresses; Survey of Activities, Committee on Rules, 96th-101st Congresses; "Notice of Action Taken", Committee on Rules, 102nd Congress, through October 9, 1992 (final adjournment).

Republican Staff
Commitee on Rules

103d Congress, 1st Session - - - - - - - - - - - House Document 103-44

SUMMARY OF PROPOSED AND ENACTED RESCISSIONS, FISCAL YEARS 1974 THROUGH 1993

COMMUNICATION

FROM

THE COMPTROLLER GENERAL OF THE UNITED STATES

TRANSMITTING

AN UPDATED COMPILATION OF HISTORICAL INFORMATION AND STATISTICS REGARDING RESCISSIONS PROPOSED BY THE EXECUTIVE BRANCH AND RESCISSIONS ENACTED BY CONGRESS

FEBRUARY 3, 1993.—Referred to the Committee on Appropriations and ordered to be printed

---

U.S. GOVERNMENT PRINTING OFFICE

69-012 WASHINGTON : 1993

ENDNOTES

1. Sec. 302(a) requires that the joint explanatory statement on a budget resolution conference report include an allocation by committee of outlays, and new budget-, entitlement-, and credit authority.

2. Sec. 302(c) prohibits the consideration of any legislation reported from a committee which has not filed its section 302(b) suballocation.

3. Sec. 302(f) prohibits the consideration of legislation which exceeds a committee's sec. 302(b) suballocation for discretionary new budget authority, new entitlement authority, or new credit authority.

4. Sec. 303(a) prohibits the consideration of legislation providing new budget authority, new entitlement authority, new credit authority, or a change in revenues or public debt before the budget resolution for that year is adopted. [Note: This provision was modified with the enactment of Gramm-Rudman-Hollings I, to exempt from the point of order any appropriation bill considered in the House after May 15th, even though a final budget resolution is not in place (P.L. 99-177, effective Dec. 15, 1985).]

5. Sec. 305(a) prohibits consideration of a budget resolution prior to the sixth day after it is reported.

6. Sec. 311 prohibits consideration of any legislation which would exceed the outlay ceiling or revenue floor contained in the most recent budget resolution.

7. Sec. 401(a) prohibits consideration of legislation providing new contract or borrowing authority not provided for in appropriations act.

8. Sec. 401(b) prohibits the consideration of legislation providing new entitlement authority which becomes effective during the fiscal year which ends in the calendar year in which the bill is reported.

9. Sec. 402(a) prohibits the consideration of any bill authorizing new budget authority for a fiscal year if not reported on or before May 15th preceding the beginning of such fiscal year. [Note: This provision was repealed with the enactment of Gramm-Rudman-Hollings I on Dec. 15, 1985.]

10. Sec. 402 prohibits legislation containing new credit authority except as provided in appropriations acts.

11. Blanket waivers counted here are those provision in a rule which waive all points of order against a bill or committee amendment in the nature of a substitute made in order as original text for amendment purposes. Not only do blanket waivers set aside all standing House rules, but all provisions of the Budget Act as well.

12. To provide a constant for comparison purposes, sec. 402(a) waivers have been subtracted from total waivers here because the section was repealed on Dec. 15, 1985 (see #9 above).

○

BOSTON PUBLIC LIBRARY
3 9999 05018 522 0

ISBN 0-16-041216-1